

The Effect of Labour Market Uncertainties on First Union Formation in Hungary

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1, Focus of the research

In a few decades ago, the social and economic development of the Hungarian society underwent tremendous changes – from the state-socialism in the 1970s and 1980s to an emerging democracy and market economy in the 1990s and in 2000s. Undoubtedly, the institutional changes in the labour market and the educational system altered the character of young adults' life course. We consider that the change in the labour market is fundamental because it is one of the most important structural institutions that actually conveys the consequences of economic dynamism to everyday people. (Spéder 2003). The drastic transformation of the labour market has affected the family formation of women and men born in the 1970s at most. This age group is characterized by having a large number of members¹ entering the labour market simultaneously at the time of the political change, when within the period of a few years millions of workplaces were dissolved and the status, remuneration and security of employees were fundamentally transformed (Spéder 2003; Spéder-Kamarás 2008). The transition from school to work is postponed to older age and the processes take more time (Róbert – Bukodi 2005). In this context, we specifically investigate the effects of youths' employment on first union formation in Hungary. The changing patterns of union formation (high number of divorces and cohabitations, delay of marriage) and the corresponding decline in fertility suggest that the Eastern European countries entered into the second demographic transition phase. Today 70 percent of the first partnerships is cohabitation and 30 percent is (direct) marriage. While living in a partnership was typical of elderly divorced people or widows and widowers in the past, the situation has turned the opposite: it is mostly young people who choose this form of relationship. The fundamental changes were brought about by the 1990s (Bukodi 2004). During this period the rate of 20-24 year-old people living in partnerships quadrupled compared to the 1970s. Of course many cohabitants transform their partnership into marriage, however a not negligible share of first cohabitants stay in cohabitation, others separate. In this research we analyze the process of first union formation in Hungary for the cohort of women born in 1965-1981 with a special focus on their employment situation.

2, Hypothesis

The first hypothesis follows the view of the new home economics theory, i.e. a woman's high economic independence reduces a woman's gains from marriage and thus a high level of educational attainment should lead to a lower marriage rate (Becker 1981). Moreover, lower opportunity costs of unmarried cohabitation would make this living arrangement especially attractive for better educated women. Higher educated young adults, however, attach a greater value to independence and autonomy than young adults with low educational attainment, so they marry later and start their partnership career by cohabitation (Liefbroer 1991). The literature on the second demographic transition argues as well that highly educated women are

¹ They are called "Ratkó-grandchildren" by demographers. In the 1950s abortion was severely restricted and childlessness tax was levied in Hungary. The measures are connected to Anna Ratkó's name, who declared the law, and the appropriate cohorts are labeled as "Ratkó-children and -grandchildren."

more prone to engage in cohabitation, although the reasons are different: they are less concerned with respecting the societal norms (Lesthaeghe, 1983).

The second hypothesis emphasizes the role of the economic difficulties that some young people are facing. Young people with low education face higher uncertainties in the labour market, like difficulties with finding a stable job, higher risk of unemployment, and this might be the objection to direct marriage. Even if they are willing to get married and would prefer to do it at an early age, they might not have enough economic resources to do so at the time they would like. This way of reasoning is leading to the conclusion that women's lower education is connected to lower marriage intensity and to higher intensity to move into cohabitation.

In sum, according to the first hypothesis the marriage rate is lower among those who are in favourable position on the labour market than those whose labour market position is unfavourable. As for the second hypothesis those people whose labour market position is unfavourable tend to choose cohabitation instead of marriage.

3, Data and method

Applying a life course approach we identify past and current life experiences, which affect the timing and type of first-partnership formation. For this purpose we use the first (2001) and the second (2005) waves of the Hungarian Gender and Generations Survey (GGs), collected by the Demographic Research Institute (HCSO). We apply hazard regression techniques to estimate competing risks of first union formation – either by cohabitation or by direct marriage. We are interested in the main factors affecting the first union formation patterns (cohabitation versus marriage). Among these covariates we include the woman's age, her schooling (enrolment in education and level of education, cf. Blossfeld 1995) her employment characteristics (participation and experience in the labour market) and her previous life experiences as socialisation effects (divorce of parents, leaving parental home). Special emphasis is given to the effect of pregnancy and the birth of the first child. The parity-and-pregnancy status accounts for the impact of conception on union formation. A woman is considered as childless and non-pregnant until nine months before she delivers her first child, as childless and pregnant during the time of the pregnancy, and as a mother after she gives birth for the first time.

We also introduce some interaction effects in our model. The interaction between duration of cohabitation and educational level allows us to deepen our knowledge of the educational gradient in first union formation patterns, and we also interact educational level with calendar period in order to test the hypothesis that cohabitation has been spreading differentially among the various social strata.

4, Empirical findings

Previous research in Hungary found that less favourable labour market situations do not allow for the establishment of long-term relationships, i.e. marriages (Bukodi 2004; Szalma-Róbert 2007). Young people mostly establish partnerships when their labour-market position is still unsteady, because this stage in life does not allow them to make such definitive decisions as getting married. Many assume that partnerships mean a lower level of commitment than marriages, and as a result weaken childbearing propensity.

In our former descriptive analysis we could show that educational differences play a role in the proliferation of cohabitation. Our results do not show that highly educated women would tend more to start their first partnership by cohabitation than other women do – neither in the time of low prevalence of cohabitation among young adults in the period before 1990 nor after that period. These women have higher risks to get directly married than other women do. Therefore, this finding disproves the hypothesis that highly educated women were the first to adopt new family behaviour in the course of recent demographic change – at least as concerns

the adoption of consensual unions. Being on the labour market increases significantly the risk of entering a first union, both cohabitation and marriage. Entering into a partnership implies financial responsibilities that can be fulfilled by having a job. It shows that the new home economics hypothesis does not apply to Hungary: having a job is an incentive to marry both for women and men. In this context, being in cohabitation is rather a sign of uncertainty, a temporary situation until the financial situation permits long-term commitments to be made. As for education we found that the less educated women tend to stay in cohabitation. It is probably because the less educated do not have the means for marrying, so once they enter a cohabitation they will stay there, and have children there.

To conclude, throughout the 1990s cohabitation has been on increase and the appearance of cohabitation in lives of young adults had a strong relation to the decline of nuptiality intensity after 1990. There is a general postponement and diversification of forms of first union formation in comparison with the early and universal pattern of union formation of the 1970s and 1980s.

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